

Good Morning Mr. Chairman and Members of the Committee:

I am Edward Klobucher, the city manager for the City of Hazel Park, and I thank you for the opportunity to testify before your committee on the important issue of court consolidation. The City of Hazel Park shares your commitment to streamlining governmental operations in order to improve services and save money for our state's hard-pressed taxpayers; we just want to make sure that proposed reforms designed to save money actually do save money, and do not instead result in a shift of increased costs to a poor community that is already struggling to maintain basic city services.

Fully built-out, with a low taxable value per capita, Hazel Park has historically been a poor community. In fact, few communities in our state have been hit as hard as Hazel Park has by the economic downturn and the foreclosure crisis. The Center for Michigan's online magazine *The Bridge* recently featured Hazel Park in an article entitled the "The Big Flush," which pointed out that Hazel Park has lost 50 percent of its state equalized value since 2007. Declining property values obviously result in declining revenues for critical services such as police, fire/EMS and road repair.

Hazel Park has survived and maintained essential services with fewer resources and declining manpower only because of increased efficiency, streamlined operations and shared sacrifice from city employees, city retirees and the taxpayers of Hazel Park. City employees recently agreed to a 5% pay cut under existing contracts, and our residents recently passed a proposal to levy of an additional 9.8 mils to maintain police and fire protection, that is on top of the nearly 20 mils that we were already paying.

Maintaining efficient operations is critical to Hazel Park's survival, and that's why Hazel Park is compelled to weigh in on this proposal to consolidate the 44th District Court with the 43rd District Court. The JRR specifically states that a basis for that consolidation proposal is that "the cities could also save by consolidating these courts into fewer facilities" (pg 58). The reality, however, is just the opposite.

The 43rd District Court currently consists of the three judges serving the communities of Ferndale, Madison Heights and Hazel Park. Each judge sits in one of the three cities, and each city serves as a funding unit for its division of the court.

During the past decade of financial crisis, Hazel Park has left no stone unturned in our search for cost savings, and that includes examining the operations of Hazel Park's division of the 43rd District Court. Hazel Park has previously examined several proposals to consolidate operations of the 43rd District Court into one location. Each time, the city has reached the inescapable conclusion that there are absolutely no savings to be had by moving the court from its current location or altering our status as the division's funding unit. Because of low overhead and efficient operations, our court currently returns money back to the City of Hazel Park.

In fact, relocating our court would actually result in dramatically increased costs and here is why:

- Hazel Park's division of the 43rd District Court is located in Hazel Park's City Hall, a multi-use municipal complex that also houses municipal government, the Hazel Park Police Department, and its jail. The courtroom doubles as the City Council Chambers and hosts a variety of meetings from the planning commission to the Neighborhood Watch. This building is fully paid for. The City of Hazel Park's costs to maintain this building are fixed. We already need to cool it in the summer and heat it in the winter. Other than perhaps a few toilet flushes, Hazel Park saves nothing by relocating the court. But our costs to relocate are potentially enormous.
- Consider logistical operations for our police department. Currently our police department simply brings prisoners up the stairs from the jail to the courtroom. There is no added cost for travel time, fewer officers are needed to accompany prisoners (usually only one officer is needed) and our officers are available for other tasks when they are waiting for a particular case to be called. Being in the same building also allows our city attorney to be able to multi-task. Our Chief of Police estimates that it would

cost our police department an additional \$223,000 or more per year in increased costs to transport prisoners and conduct police business with an off-site court.

- In terms of personnel costs, there are little if any savings to be had through consolidation. It should be noted that each division of the 43rd District Court currently has its own collective bargaining units and labor contracts, and those contracts are not the same. The legislation does not address how those differences will be resolved; will court employees eventually end up with the best of every contract, increasing costs even further to the taxpayers? The court employees in Hazel Park have recently agreed to a pay cut; will my city lose out on those savings because of consolidation? Will we incur attorney fees and other litigation costs if labor contracts are not honored?
- It should also be noted that none of these courts are flush with employees. When Hazel Park considered sharing facilities with Madison Heights, we determined that we might be able to reduce employee costs by sharing a grand total of one employee, the court administrator. Of course, it was proposed that this employee be given a raise due to the additional workload, and then we were told that we might even need to consider hiring the court administrator an assistant if the job was too big for one person. As you can see, there was no savings there!

Those increased costs for operations do not include costs for facilities. None of the facilities located in Royal Oak, Madison Heights, Ferndale or Hazel Park can accommodate consolidated operations for all four judges. Who will pay for modifications to those facilities? Will our taxpayers be forced to foot the bill for the construction of yet another new facility? Hazel Park is looking at another year of declining revenues due to the foreclosure crisis. We cannot afford to give up one nickel of revenue we receive from the court, nor can we expend anything from our general fund to contribute to the cost of facilities. Ferndale recently rejected a proposal to construct new court facilities due to the cost involved. All three communities in the current district are facing financial challenges and have recently passed millages to maintain services. Royal Oak is also facing grave financial challenges. No city can

afford the added expense of new courtroom facilities, nor can they afford the unnecessary costs to modify existing facilities or pay rent to occupy facilities in another community.

These issues are of grave concern to the City of Hazel Park because the current bill as written does not explicitly address issues related to location or personnel. What if there is disagreement among the funding units? Current law seems to call for a county wide election. How could you submit a ballot question before the entire County of Oakland when the outcome would only concern four cities? That doesn't seem to be a wise use of taxpayer resources.

If, in the end, we are to remain separate divisions with separate funding units, which truly is the only logistically feasible and financially responsible outcome of consolidation, then why consolidate at all? The 44th District can remain its own District and the SCAO can assign Visiting Judges from neighboring jurisdictions to assist the 44th if needed. That simple solution results in predictable savings for the state and does not increase cost to taxpayers.

Please do not saddle the already hard-pressed taxpayers of Madison Heights, Ferndale and Hazel Park with the additional costs of court consolidation. To do so would divert critical resources from vital public safety operations, and unnecessarily imperil the residents of southeast Oakland County.